Scott. II-97—88,034—4-11-46.

Food (1948) Department.

MS SERIES.

G.O. NO. 512

Dated 7. 6. 48

Passed
N
Supdt.

[Despatch Abstract.]

Prices – Paddy and rice — New prices for Kharif year 1947-48 – Notified – Stocks procured in South Kanara district prior to 15-1-48 – exemption from the scope of the Madras Foodgrains Price Control Order 1947 — orders passed

Revenue Department.

Sub:- Prices - Foodgrains - (South Kanara) Khariff year 1947-48 - Prices fixed in G.O. NO. MS. 34 (Food) dated 12th January 1948 - Relaxation in respect of stocks procured before decontrol - Report Board's Remarks Submitted.

Board's Ref.S.No. 335/48-1 Dated 10th February 1948.

ASSISTANT SECRETARY 18 FEB 1948 FOOD DEPARTMENT

From
T. Prabhakararao Nayudu Esq.,
Joint Secretary to the Commissioner of Civil Supplies,
Board of Revenue, Madras.

V.S. Hejmadi Esq., I.C.S.,
Commissioner of Civil Supplies.

7131

Ref:- From the Collector os South Kanara letter Ref.C.No. 1986-W7-48 dated 27th January 1948-

A copy of the letter from the Collector of South Kanara referred to above is submitted to the Government for orders.

The Collector's argument that the S.K.C.C.W. stores has fixed prices for six different varieties as in previous years is not in conformity with the orders of the Government which are to the effect that the classification of all varieties of paddy and rice should be confined to I and II sorts only in all the districts for 1947-'48. The Board is not therefore in favour of the Collector's proposal as it is not convinced why an exception should be made to the general rule in favour of South Kanara where the stores must like any other agency elsewhere fall into line.

4.2.48.

For Joint Secretary.

To
The Secretary to Government,
Food Department, Fort St. George, Madras (with encl.)
Copy to the Collector of South Kanara.

Copy of Ref.C.No.1986-W7-48 from the Collector of South Kanara dated 27-1-48.

Sub:- Prices - Paddy, rice and millets - Kharif year 1947-48.- Prices fixed in G.O. Ms. No. 34 dated 12-1-48 relaxation in respect of stocks procured before decontrol - report submitted.

In G.O. MS. NO. 34 Food Department dated 12-1-48 the Government have notified wholesale issue prices of rice and paddy and millets and said that these rates will come in to force at once. This means that all sales of rice, paddy and millets in wholesale quantities should be within these rates. The wholesale issue rates work out to Rs.14-15-0 and Rs. 13-11-0 per mura of I sort and II sort rice including the surcharge.

2. The S.K.C.C.W. Stores Ltd., is the sole procuring agent of the Government in this district evesince the intensive procurement system was introduced. The procurement prices were fixed in previous years for 6 different varieties of rice and including the recent enhancement of Rs. 2/- per maund, the prices ranged from Rs. 11-10-0 to

p.t.o

15-2-0 per mura. A copy of the notification dated 15-12-47 fixing the rates is enclosed. It would be seen that for certain varieties of rice the purchase rates themselves are fixed. The president of the S.K.C.C.W. Stores states that the present issue rates of the stocks procured and held by him under the intensive procurement scheme are in conflict with the ceiling rates now notified. He says that he will have to suspend the transactions until the rates are revised or that the Government will have to subsidise the stores to the extent of the loss that will have to be sustained by adopting the present rates. There is no question of subsidising the stores; nor can the supply to the relief shops be stopped pending revision of the rates. I have asked the President to continue to issue the stocks at the old rates subject to approval of the Board. I request that the Government may be addressed to exempt the transactions made by the S.K.C.C.W. Stores from the operation of the order issued in G.O. MS. NO. 34 dated 12-1-48 in so far as they relate to the stocks procured under the intensive procurement scheme. Early orders are solicited.

Copy of South Kanara District Gazette Extraordinary published by Authority No. 21 dated December 23, 1947.

Notification.

In pursuance of G.O. MS. NO. 1310, Food dated 6th December 1947 the Collector of South Kanara hereby directs that the following shall be the prices at which the stocks of rice, paddy and millets shall be purchased by the South Kanara Central Cooperative Wholesale Stores Ltd., or its branches in South Kanara district during the fasli 1357 with effect from 7th December ~~1948~~ 1947.

Prices:- Rice (for a mura of 42 seers struck) and paddy (for 7 kalsiges in respect of all varieties except superior varieties of raw rice paddy shown against item 6 below in which case 8 kalsiges of paddy):

	Variety.	Amount. Rs.	A.	P.
1.	Suggi and rashi	12	2	0
2.	Guddu and kolke	12	10	0
3.	Maskathi	13	2	0
4.	Kuchige or kaje	11	10	0
5.	Raw (ordinary)	14	2	0
6.	Raw (superior) jeerasale, gandasale, sannaki and finer variety of G.E.B.)	15	2	0
7.	Ragi for a mura of 42 seers struck.	7	4	0
8.				

Note: The above rates are payable at all villages, godowns and reception depots of the South Kanara central Co-operative Wholesale Stores, Ltd., in this district. These rates will apply in respect of deliveries made within the due dates which will be notified from time to time in the Gazette. In respect of deliveries made after the due dates the prices will be rupee one less for mura of rice and ragi, and annas eight less for mura of paddy.

J.F. Saunders.
Collector.

Mangalore
15th December 1947

/True copy/

. . . . .

ms.v 11/2

11/2/48

Food/A13

Planning 4/2 23.2.48 23/2/48 23/2

Memo No. 7131-A/48 S-1 dt 23.2.48.

Subj:- Prices & Foodgrains - S. Kanara Dt.. Fixation of new prices fixed for Kharif year 1947-48 - Exemption of the stocks procured before discontinuance of intensive procurement - Proposal - Orders passed.

Ref:- From the Collector of S. Kanara, to the Secy. to C.C.S. Ref. No. 1986-W7-48, dt 27/1/48.

From the Bd. of Rev. (CS), Ref. No. S. 333/48-1, dt 18/2/48.

The Govt. agree with the Bd. of Rev. (CS) that there is no case for the exemption of the transactions in foodgrains made by

Re. S.R.C.C.W. Stores from the operation of the order issued in F.S.R.O. No. 34, dated 12/1/48, in so far as they relate to stocks procured under the emergency procurement scheme, as proposed by the Chief Secretary S. Kannangara.

19/2/48

19-2-48

Chief Secretary

Secretary

To The Bd. of Ceylon

Copy to Chief Secretary S. Kannangara

Please see 26.2.48

Food Dept (A)

Memo No. 7131-A/48 — 2. Dt 26.2.48

Sub: Prices - Foodgrains - S. Kanara Dt. - New prices fixed for Kharif Year 1947-48 - exemption of stocks procured before discontinuance of intensive procurement - Proposal

Ref: From the Collector of S. Kanara, to the Secy. to C.C.S., Rep. No. 1986-Ag-48, dt 27/1/48.

From the Bd. of Revenue, Rep. No. S. 335/48-1, dt 10/2/48.

Though it was ordered by the Govt. in G.O.No. RS. 1310, Food, dt 6/12/47, that in future rice

para 2, p. 1 (2)

only
would be classified into 2 sorts,
the increased
and that prices should be fixed
only for these two sorts and that also
a system of ceiling prices would
be followed, they observe that
a notification was issued by the
Collector of S. Kanara on 15/12/47, ~~on~~
fixing the village-site purchase
prices for six different varieties
of rice. ~~in violation of the above~~
~~order~~. The Collector of S. Kanara
is requested to ~~explain~~ obtain & submit an
explanation of the persons responsible for issuing a
~~communication to withdraw such~~ a
notification ~~to be issued~~ in
contravention of the orders issued
by the Govt.

24/12/48 24-2-48 15/2/48

1/3

To
The Collector
S. Kanara
Copy to Bd. Order (C3)

REVENUE DEPARTMENT

Sub:--Prices - Foodgrains - (South Kanara) - Kharif year 1947-48 - Prices fixed in G.O.No.38 (Food Department) dated 12-1-48 - Exemption of stocks procured before 15-1-48 - Government orders - Requested.

Board's Ref.No.S.335/48-3 dated 27th March 48.

ASSISTANT SECRETARY
31 MAR 1948
FOOD DEPARTMENT

From

J. Pare Esq., I.C.S.,
Joint-Secretary to the Commissioner of Civil Supplies,
Board of Revenue, Madras.

To

V.S. Hejmadi Esq., I.C.S.,
Commissioner of Civil Supplies. 14756.

Ref:--Board's Ref.No.S.335/48-1 dated 10-2-48,
From the Collector of South Kanara Ref.C.No.1986/48-W7 dated 25-2-48.

The Board submits to the Government a copy of the letter cited from the Collector of South Kanara, wherein he has again requested that the stocks procured under the intensive procurement scheme, may be exempted from the operation of the provisions of G.O.No.34 Food dated 12-1-48.

2. The statement appended shows the loss or gain to the stores which will result if the ceilings notified by the Government are insisted on. The point for consideration is whether the loss to the society should be subsidised by the Government or whether the Collector's proposal to exempt the stocks procured under intensive procurement scheme from the operation of the provisions of G.O.No.34 dated 12-1-48 should be approved. The Board recommends that the stocks procured at the old prices may be allowed to be sold at the rates notified by the

p.t.o.

Collector, as this will avoid a Government subsidy and also loss to the S.K.C.C.W. Stores which has merely carried out the orders of the Collector and cannot therefore reasonably be made to bear any loss.

30.3.47

For Joint-Secretary.

To

The Secretary to Government,
Food Department, Madras.
(with encls.)

T.B.L.30-3/

Copy of the Ref.No.C.1986/48-W7 dated 25th Feb., 48 from the Collector, S.Kanara

Sub:- Prices - Paddy, rice and millets - Khariff year 1947-48 - Prices fixed in G.O.No.Ms. 34 dated 12-1-48 - Relaxation of - in respect of stocks procured before decontrol - further report - Submitted.

Ref:- 1. This office Ref.No.C.1986/48-W7 dated 27-1-48.
2. Board's Ref.No.S.335/48-1(C.S.) Dated 10-2-48.

The Board did not accept my proposal to exempt the stocks procured before decontrol from the operation of G.O.No.Ms.34 (Food), dated 12-1-48 on the ground that there was no convincing reason to make an exception to the general rule in favour of this district where the Stores must like any other agency elsewhere fall into line. Evidently the Board has not fully understood the financial implications involved in enforcing new rates. I am therefore furnishing below a detailed explanation for suggesting the exemption in respect of the stocks procured upto the date of decontrol:--

2. Ever since the intensive procurement scheme was introduced in this district, the S.K.C.C.W. Stores was the only agent on behalf of the Government to procure stocks from the ryots. The purchases were being made at the rates fixed by the Collecton. Rice was classified under 6 different varieties and different rates was fixed for each variety. The agent could sell these procured stocks only adding a margin of profit and other incidental charages that were being fixed by the Collector from time to time. There was no question of the agent selling the stocks at any other rates. These six different rates of purchases were in vogue till the receipt of the G.O.No.Ms.34 (Food) dated 12-1-48. According to this G.O. rice was classified only under two sorts and as the Board observed in its Ref.No.S.2256/47-18 dated 23-1-48, that the rates or the sorts fixed in the notification will not be changed and should be accepted without any "demur" the question of revising the sorts or rates to suit the local conditions and practice was dropped. Three out of the six varieties were merged in the I sort and the remaining 3 in the II sort.

3. The decontrol came into effect in this district long after the harvest of the I crop and by the time the new rates fixed in G.O. No.Ms.34 (Food) dated 12-1-48 came into force nearly 80% the procurable surplus from the 1st crop or about 50% of the procurable surplus in a year had been procured by the agent. On 12-1-48 the S.K.C.C.W. Stores had more than 20,000 tons of rice in its custody and this quantity would last for distribution in the statutory rationed areas and other rural areas till about the end of May 1948. The difference between the purchase rates for some of the varieties at the predecontrol rates and the new rates fixed in G.O.No.Ms.34 (Food) dated 12-1-48 was such that in respect of five varieties the new ceiling rates were less than the old purchase rates plus the wholesalers' margin as would be clear from the following statement:--

	Variety of rice.	Old purchase rates per mura.			Ceiling prices fixed in G.O.No.Ms.34 dated 12-1-48 excluding bonus surcharge.		
	1.	2.			3.		
I sort	1. Maskati	13	2	0	14	2	9
	2. Raw ordinary	14	2	0	14	2	9
	3. Raw-superior etc.,	15	2	0	14	2	9
II sort	4. Kuchige or Kaje	11	10	0	12	14	6
	5. Sugge and Rashi	12	2	0	12	14	6
	6. Guddu & Kelke	12	10	0	12	14	6

The margin of profit, transport charges etc., which have to be added on to the rates in Col.2 rages from Re.1-0-0 to Rs.1-3-0 per mura. It will be clear from the above statement that if ceiling prices are adhered to while selling the stocks procured at the rates shown in Col.2 the S.K.C.C.W. stores will have to sustain a loss ranging up to Rs.2-0-0 per mura except in respect of the Kuchige or Kaje variety (item 4) of rice. The total loss under each of the varieties of rice held by the stores on 15-1-48 the date on which the ceiling prices came into force have not been separately worked out. Anyway the total loss on the stock of about 20,000 tons by selling within the ceiling rates will come to the tune of a few lakhs.

P.T.O.

The Statement showing the loss or gain to the Stores which will result if the ceilings notified by the Government are insisted on.

Variety of rice.	New classification	Prices at which purchased as per collector's notification.	Average Transport charges	Total of Columns 3 + 4.	Wholesale ceiling prices.	Net loss or gain (-or +)	
1.	2.	3.	4.	5.	6.	7.	
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.		
1. Suggi and Irashi	II	12 2 0	1 1 6	13 3 6	12 14 6	-	0 5 0
2. Guddu and Kolke	II	12 10 0	1 1 6	13 11 6	12 14 6	-	0 13 0
3. Kuchige or Kaje	II	11 10 0	1 1 6	12 11 6	12 14 6	+	0 3 0
4. Maskati	I	13 2 0	1 1 6	14 3 6	14 2 9	-	0 0 9
5. Raw (ordinary)	I	14 2 0	1 1 6	15 3 6	14 2 9	-	1 0 9
6. Raw (Superior)	I	15 2 0	1 1 6	16 3 6	14 2 9	-	2 0 9

Food (A) Deptt.

Memorandum No. 7131-A/48-3., dated 9---4---1948.

Sub: PRICES--Foodgrains--South Kanara--Kharif year, 1947-48--Prices fixed in G.O. Ms. No. 34 Food, dated 12---1---1948--Exemption of stocks procured from 15---1---48.

Ref: (i) From the Collector of South Kanara - Ref. No. C.1986/48-W.7., dated 25---2---1948.
(ii) From the Board of Revenue (Civil Supplies) Ref. No. S. 335/48-3., dated 27---3---48.

The Board of Revenue (Civil Supplies) is requested to obtain from the Collector of South Kanara immediately and forward by air ~~and forward immediately~~ information on the following points:-

(i) Statement showing the price of various sorts of rice in South Kanara District as it stood on 6--12--47 and as modified by the increase in price ordered with effect from 7--12--1947, after giving effect to the grouping ordered in Government Memo. No. 51270-A/48-1., Food dated 5--12--47 and G.O. Ms. No. 1310, Food, dated ~~16~~ 6---12---47;

(ii) the stocks of rice ~~following~~ falling under the different varieties which were held by the stores on 6-12-47; with the appropriate procurement price for each variety paid by the stores

(iii) what will actually be the subsidy which will have to be borne by the Govt., if the sales at the rates notified by the Collector were to be accepted by the Govt., in respect of stocks already sold.

(iv) what are the stocks now held by the stores under each of the ~~the several~~ varieties according to the old classification ~~held by the stores~~ and what will be the amount of subsidy which would have to be granted to the stores in case the Govt., direct that the notified prices should be given effect to immediately; and

(v) whether the Collector has collected the difference in price that is recovered on the several varieties held by the stores as directed in Govt. Memo. No. 51270-A/47-1., Food, dated 5--12--47 and G.O. Ms. No.1310, Food, dated 6--12--47.

2. The reply should be sent not later than 25--4--48.

9.4.'48

9/4/48

To

The Bd of
Rev. (CS)
Copy to the
Coll.r., of
S. Kanara,
Mangalore

Rem. 25-4-48

Revenue Department.

Sub:- Prices - Foodgrains - (South Kanara) - Kharif year 1947-48 - Exemption of stocks procured before discontinuance of intensive procurement, proposal.

Ref.No.S. 335/48-4 Dated 12-4-1948.

...

ASSISTANT SECRETARY
16 APR 1948
FOOD DEPARTMENT

From

P. Sivasankaran Pillai Esq., B.A.,
Joint Secretary to the Commissioner of Civil Supplies,
Board of Revenue, Madras.

...

V.S. Hejmadi Esq., I.C.S.,
Commissioner of Civil Supplies.

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pp. 5-6

Ref:- Government Memorandum No. 7131-A/48-2 Food Department dated 26-2-1948.
1721 pp. 7-8 Board's Ref.No. S. 335/48-3 dated 27-3-1948.
From the Collector of South Kanara Ref. W7 -1986/48, dated 22-3-1948.
pp. 17-18

The Board submits to the Government the letter cited from the Collector of South Kanara.

(1) 2. G.O. No. 1310 Food dated 6-12-1947 contained specific orders regarding the classification of the existing varieties of paddy into two sorts. The Collector's notification publishing the prices for the six varieties of rice is dated 15-12-1947 and was published in an extraordinary issue of the District Gazette on 23-12-1947. (2) Having regard to the orders contained in para 2 of the G.O. NO. 1310 dated 6-12-1947, the Collector should not have, without the orders of the Board or Government, issued the notification which was in conflict with the Government Orders. The Collector's presumption that the instructions, in para 2 of the G.O. did not apply to South Kanara district is also not correct, as no exemption was made in the G.O. in the case of South Kanara district. However, the Board suggests that in view of ~~the~~ its pp. 7-8 above reference cited, further action in the matter may be dropped, and the Collector may be asked to deal suitably with the persons (3) concerned for not taking prompt action on the orders in G.O. 1310 Food dated 6-12-47 and for issuing the notification dated 15-12-47 which was in conflict with the orders of the Government.

M Mayilvahanam 14.4.48.
For Joint Secretary.

To

The Secretary to Government,
Food Department, Fort St. George, Madras.

with enclosure.
ms.v 14/4.

14/4

Ref.W7. 1986-48.

S.Kanara Collector's Office
Mangalore, dated 22.3.48.

From
S.R.KAIWAR ESQ., I.C.S.
Collector of South Kanara.

To
The Secretary to Government
Food Department,
Madras
Through
The Secretary to the Commissioner of
Civil Supplies,
Board of Revenue (C.S)
M a d r a s.

Sir,

PRICES: Foodgrains- South Kanara District- New prices fixed for Kharif year- 1947-48- exemption of stocks procured-, proposal- explanation- report- sent.

Ref: Government Memorandum No.7131-A-48-3 Food Department dated 28.2.48.

The first order enhancing the prices was received by telegram - Board's No.073818-U-III-47 dated 6.12.47 which said that the Government have decided to increase the village site prices of paddy and millets during 1947-48 and that as a consequence wholesale issue prices should be increased by Rs.2 per imperial maund of rice or by Rs.1-6-0 per maund of paddy and Re.1 per maund of millets over existing prices. It was also stated that the revised prices should take effect from 7.12.47. These instructions did not mention anything about the reclassification of rice and paddy under two varieties or any other sort of change in the then existing classes of rice or paddy. Possibly some Collectors who attended the De-control conferences in December 47 were aware of this, but not other Collectors. The import of the whole telegram meant nothing else than that the prices then prevalent were to be raised by Rs.2 per imperial maund of rice, Rs.1-6-0 per imperial maund of paddy and Re.1 per imperial maund of millet. Accordingly the rates were increased by these sums and the wholesale purchasing agent was asked to make purchases at these enhanced rates with effect from 7-12-47.

2. In this district the classification of rice into 6 sorts was in force ever since the intensive procurement scheme was introduced. It is not the wholesale issue rates that are fixed in this district but the purchase rates at the depots opened by the S.K.C.C.W.Stores. It is the purchase price of rice that is fixed and notified and not of paddy. The purchase price of paddy is worked out from that of the rice. The wholesale issue rates vary from place to place for the same variety of rice and is not uniform throughout the district. Please see this office report L.Dis.1203-47 dated 7.1.48 in reply to Board's Ref.No. S.3971-47-1 dated 11.12.47. All these departures from the practice prevailing in other districts was inevitable in view of the peculiar conditions of this district. The Board was aware of these matters and it had approved of these changes in the general procurement scheme including the classification of rice into 6 sorts. Please see Board's Ref.No.S.3540/46 (CS) dated 2.1.47.

3. G.O.Ms. I 310 Food Department dated 6.12.47 was received in this office on 10.12.47 i.e. three days after the date on which the enhanced rates came into force. In the meantime the enhanced prices for all the six varieties of rice had been notified and purchases had been made throughout the district at these rates. The S.K.C.C.W.Stores, the procurement agent in this district had at this time 396695 muras of rice and 466627 muras of paddy to which these enhanced prices were also applicable. The president of the S.K.C.C.W.Stores had been asked to collect and remit the surcharge (the difference between the enhanced

enhanced rates and the rates prevailing upto 6-12-47) amounting to Rs.13,10,454-14-1. The instructions in G.O.1310 however did not in any way differ from those in the telegram received on 6-12-47 except in para 2 thereof reference was made to the fact that paddy should be classified into 2 sorts from the existing 4 sorts. These instructions are in general terms and there was nothing specific about reclassification of rice into two sorts from the 6 sorts prevailing in this district. It was presumed that the instructions in para 2 which specifically made mension of 4 sorts of paddy did not apply to this district where the practice of fixing the price of paddy as such and that too for 4 varieties was not at all prevalent. It was also presumed that the old system of prices for 6 varieties of rice was to continue, the main intention of the Government being an enhancement of procurement prices to be paid to the producers which has been given effect to in the revised prices notified. The Board's Ref: No.077428-U-II-47-I dated 12-12-47 saying that the inferential village site prices in deficit districts will be issued shortly was received only on 15-12-47. These inferential village site price were fixed in Board's Ref: No. S.2256-47-18(CS) dated 23-1-48 by which time the revised prices were notified in G.O.No.34 Food dated 12-1-48.

4. These were the reasons for not literally following the instructions in para 2 of the G.O. Board was evidently aware of this. It was presumed that the revised prices for 6 varieties of rice in the usual way had its approval pending of course fresh notification fixing prices for each district statutorily as remarked in Board's Ref: No.086118-U-II-47-I dated 17-1-48.

5. All the above circumstances would show that the procedure adopted in this district which was in conformity with the practice prevailing till then could not be changed so suddenly and that the notification was issued without any intention to contravene the orders issued by the Government. The office including the Dt. Supply Officer was responsible for such a view, and the Collector Mr. J.F.Saunders had approved the notification himself. I think the Government will be satisfied with the above explanation.

6. I may point out in this connection that after receipt of the G.O. Ms.No.34 Food dated 12-1-48 in which the wholesale issue prices of rice have been fixed in this district for 2 sorts of rice (not paddy as in other districts) the purchase rates have been notified for 2 sorts of rice (merging the old 6 varieties into 2) and these rates are now in force. This sort of merging to satisfy the theory of uniformity has however crea ted some practical difficulties in respect of the old stocks held by the S.K.C.C.W.Stores and the matter of exempting these old stocks from the operation of G.O.No.34 is under consideration. If this merging had been done soon after the receipt of G.O.1310, there would have been some more confusion in accounting stocks procured at rates prior to 6-12-47, stocks procured from 7-12-47 upto the date of revision, ~~stocks procured from 7-12-47 upto the date of revision~~, stocks procured at the revised rates under the two classes etc., and the corresponding issue rate for each of these varieties.

For Collector.

Ref.1986/48/W7.

South Kanara Collector's Office,
Mangalore Dated 1-5-1948.

From
S. R. Kaiwar Esq., I.C.S.,
Collector of South Kanara
Mangalore.

To
The Secretary to the Commissioner
of Civil Supplies, Board of Revenue
(C.S)., Madras

ASSISTANT SECRETARY
8-MAY 1948
FOOD DEPARTMENT

*****

Sir,

PRICES:- Foodgrains - South Kanara District - Kharif year 1947-48- Prices fixed in G.O.Ms.No.34 Food dated 12-1-48- Exemption of stocks procured under the intensive procurement scheme- particulars furnished.

Ref. Govt. Memo.No.7131-A-48 3 Food Dept dated 9-4-48.
2. Board's Ref.No.S.335-48-5 (CS) dated 12-4-48.

The particulars called for by the Government are furnished below:-

Item Nos 1 and 2:- Prices for various sorts of rice on 6-12-47 and as modified subsequently after giving effect to the grouping ordered in Govt. Memo. No.51270-A-48-1 Food dated 5-12-47 and G.O. Ms.No.1310 Food dated 6-12-47.

Variety of rice and paddy	Stocks on 6-12-47 in terms of muras	Purchase rate per mura as on 6-12-47.	Purchase rate as modified with effect from 7-12-47	Purchase rate as mofidied after giving effect to the grouping into I & II sorts	Remarks
1	2	3	4	5	6
Kaje rice	32243	9- 8- 0	11-10- 0		
Rashi rice	312757	10- 0- 0	12- 2- 0		
Guddu rice	25698	10- 8- 0	12-10- 0	11-14- 0	II sort
Maskati rice	5423	11- 0- 0	13- 2- 0		
Ordinary raw rice	18404	12- 0- 0	14- 2- 0	13- 3- 0	I sort.
Superior raw rice	2170	13- 0- 0	15- 2- 0		
Ordinary paddy	464904	4- 5- 0	5- 5- 0	5- 1- 0	II sort.
Superior Paddy	1723	4-14- 0	5-14- 0	5-10- 0	I sort

Item No.3:- Since the stocks released so far were sold at the previous purchase rates noted in column No.4 above, the question of granting any subsidy on such stocks does not arise.

Item No.4:- Stocks now held by the stores in each of the varieties according to the old classification and amount of subsidy which would have to be granted to the stores in case the Government direct that the notified prices should be given effect to immediately.

Variety	Stocks held now in terms of muras	Purchase rate paid by the stores.	Present purchase rate as notified after grouping into I & II sort.	Difference between the two purchase rates. Loss per mura	Difference between the two purchase rates. Gain per mura	Remarks.
1	2	3	4	5	6	7

Kaje rice	32243	11-10-0	11-14- 0	--	0- 4- 0	
Rashi rice	118162	12- 2- 0	11-14- 0	0-4- 0	--	
Guddu rice	15117	12-10-0	11-14- 0	0-12- 0	--	II sort
Maskathi rice	3,469	13--2- 0	13- 3- 0	--	0- 1- 0	
Ordinary raw rice	6,974	14- 2- 0	13- 3- 0	0-15-0	--	I sort
Superior raw rice	2,170	15- 2- 0	13- 3- 0	1-15- 0	--	
Ordinary paddy	1,01,974	5- 5- 0	5- 1- 0	~~1-15-0~~ 0-4-0	--	II sort
Superior Paddy	244	5-14- 0	5-10 0	0- 4- 0	--	I sort.

Total Loss Rs 77,157-1-0
Total grain 8,277- 9- 0

Amount of subsidy that with have to ~~the~~ stores be paid to Rs 68,880-3-0

V. The difference in price that is surcharge, on the several verities held by the stores as directed in Government Memorandum No. 51270 A.47-1 Food dated 5-12-47 and G.O.Ms. No.1310 Food dated 6-12-47 has already been collected.

For Collector. 16.48

Copy submitted to the Secretary to Government, Food Department, Madras.

Board of Revenue(Civil Supplies) 21

Subject: Prices - Foodgrains - South Kanara district - Shariff year 1947-48 Prices fixed in G.O.No.Ms. 34 Food dated 12.1.48 - Exemption of stocks procured before 15.1.48- Report submitted

23537

Ref.No.I- 335.48.6.UVI dated 18.5.48

ASSISTANT SECRETARY 20 MAI 1948 FOOD DEPARTMENT

From

V.N. RAJAN., ESQ., I.C.S.
DY.COMMISSIONER (GENERAL)

SRI P. SIVASANKARAN PILLAI,B.A.,
~~JOINT SECRETARY TO THE~~
COMMR.OF CIVIL SUPPLIES

Pp.13-14 above
19-20 above

Reference: Government Memo No.7131-A/48-3-Food dated 29.4.48
ii) From the Collector, South Kanara No.1986/48-W-7 dated 15.5.48

With reference to the Government Memo cited, the Board invites their attention to the Collector's report second cited, a copy of which has been submitted direct to Government. The report of the Collector gives the particulars called for in the Government Memo. The Collector has calculated the net loss as Rs.68,880-3-0 but by actual calculation it comes to Rs.68,897-11-0. The difference is due to the adoption by the Collector of Rs.77,157-12-0 as the total ~~xxxxxx~~ loss against the correct amount of Rs.77,157-4-0.

2. The Board repeats the recommendation made in its reference No.S.335/48-3 dated 27.3.48 as it will save the Government from the payment of subsidy to the extent noted above.

19/5/48

For JOINT SECRETARY TO THE COMMISSIONER OF CIVIL SUPPLIES: MADRAS.

To
The Secretary to the Government,
Food Department, Fort St. George,
Madras

k-19.5.
19/5/48

V 5

Food Dept (A)

Subt. Prices - Paddy and rice - New prices for Kharif year 1947-48 - Notified - Stocks procured in S. Kanara dt. ~~from~~ prior to 15-1-48 - Exemption from the scope of the Madras Foodgrains Price Control Order, 1947 - Orders passed.

Read the following:

G.O. Ms. 34, Food, dt 12-1-48.
G.O. Ms. 138, Food, dt 20-2-48
G.O. Ms. 219, Food, dt 13-3-48
From the Bd. of Rev. (CS), Rep. Nos. S. 335/48, dated 10/2/48, ~~and~~ 27/3/48. ~~first letter~~ and 18/3/48.

G.O. Ms. 512 dated 7.6.48.

Order:

In the circumstances reported, the Govt. accept the recommendation of the Bd. of Rev. (CS) and direct that all transactions relating to the stocks of paddy and rice procured by the South Kanara Central Co-op. Wholesale Stores in the S. Kanara dt. prior to 15-1-48 be exempted from the ~~scope of~~ operation of the Madras Foodgrains ~~for~~ Price Control Order, 1947.

2. The appended Notification will be published in English in the Fort St. George Gazette.

Typed to S.G. portion 8/6/48 9/6/48 11/6/48

To
The S.G.P., Madras
for publication in F.S.G. Gazette.
He is requested to furnish 30 Gazette copies of the notification printed on one side of the paper.
The Bd. of Rev. (CS) (10 copies)
The Collector of S. Kanara
The Govt. of India, Ministry of Food New Delhi (3 copies).

misc 11/6/48

P.T.O.

Copy to
All Stn. Collectors.
R.F.C. Madras.
Legal Dept. (3 copies)
Devt. & Finance
D. A., Madras
B. S. to H.Sr.
Spare 20.
8/6/48

Appeal.

APPENDIX.

NOTIFICATION.

In exercise of the powers conferred by section 3(1) and (2) (c) of the Essential Supplies (Temporary Powers) Act, 1946 (Central Act XXIV of 1946) read with the Notification of the Government of India, Department of Food, No.FY.603(2)-I, dated the 21st October 1946, and section 17(2) of the said Act, and with the concurrence of the Government of India, His Excellency the Governor of Madras hereby makes the following amendment to the Madras Foodgrains Price Control Order, 1947, published at pages 1-3 of an extraordinary issue of Part II of the Fort St. George Gazette, dated the 15th January 1948, as subsequently amended.

p92 C/f of (h) as amended in (B)

Amendment to clause 3,

In the said Order, the following proviso shall be added, ~~as provisos under clause 3~~ namely :— p.92 of (h)

"Provided that nothing contained in this clause shall apply to the transactions relating to the stocks of paddy or rice procured by the South Kanara Central Co-operative Wholesale Stores in the South Kanara district prior to the 15th January 1948".

Key 8/6/48 1.6.48

Mad 1/6/48

Subj: Prices - Foodgrains - S. Kanara Dt - Kharif year 1947-48 - New prices - Exemption of the stocks procured before discontinuance of intensive procurement - Proposals.

Cyc. 7131-A/48.

Ref: From the Bd. of Rev. Ccs. Ref. no: S. 335748-1, J. 1072/48

A.S.

Please see pp. 1-2 c/f

The Collector of S. Kanara has submitted a proposal that the transactions made by the South Kanara Central Coop. Wholesale Stores, the sole procuring agent in the district, may be exempted from the operation of the order issued in G.O. No. 34, Food, dt 12/1/48, in so far as they relate to the stocks procured under the intensive procurement scheme. The following are the circumstances under which the proposal is made.

Though it was ordered by the Govt. in G.O. No. 1310, Food, dt 6/12/47, that in future ~~paddy~~ rice would be classified only into 2 sorts and that the old special and first sorts should be merged into ~~in the Ad first sort~~ a single first sort and that the price of the new first sort would be increased by Rs. 2/- per bag of rice over the old first ~~sort~~ prices, the Collector of S. Kanara seems to have issued a notification on 15/12/47 fixing the village-site purchase

Vide p. 2 cr

1 Cr = 2 Mds (A)

prices for six different varieties of rice taking into account the increase ordered by the Govt. According to this notification, the village-site purchase price of a certain variety of rice called raw superior, has been fixed at Rs. 15-2-0 per mura. But, vide the wholesale-issue price of Govt. rice fixed for S. Kanara dr. by the Govt. comes to only Rs. 14-15-p. including surcharge Thus it will be seen that the purchase price of certain variety (raw superior) of rice fixed by Collector was greater than the wholesale-issue price fixed by the Govt. The Collector has however since rectified the mistake by issuing another notification vide p. 10 fixing purchase prices only for ... in lieu of the rates with ref. to the wholesale prices fixed by the Govt. The S.K.C.C.W. Stores has to incur some loss because it has purchased certain variety of rice at prices higher than wholesale issue prices. The President of the Stores, it appears, threatened to suspend transactions until the rates are revised or that the Govt. will have to subsidize the loss incurred by the Stores owing to the adoption of the new prices. The Collector has asked the Stores to continue to issue the stocks at old rates. The Collector has therefore sent the present proposal. The Board does not support the proposal. p. 14

for the reasons explained at 'S' on p. 1 of. As the revised wholesale prices were fixed arbitrarily and came into force on 12/1/48, there is no reason to exempt the transactions of the stores after 12/1/48 from the operation of the new prices. Further, if such a concession is granted in this case similar requests may come from other quarters, which cannot possibly be refused. In the circumstances A is for orders whether the Bd's recommendation view will be accepted and the proposal negatived. Subject to orders a draft O.M. is put up.

19/2/48

19.2.48

The Govt. may agree with the Board that the transactions in S. Canara cannot be excluded from the scope of G.O. 34 of 12.1.48 and that the prices for S. Canara should be fixed in accordance with these orders. The fact however remains that the error has occurred and a notification fixing purchase prices for both sorts of rice, though in the G.O. at (U) the Govt. had specifically ordered that the sorts should be reduced to two and the S.K. W.C.S. now assert that they have purchased some stocks at these rates. The question will therefore arise whether if the Govt had viewed any loss in the transaction in view of the lower selling price for the higher sort of rice fixed in G.O. 34 of 12.1.48, the loss should be subsidised from Govt funds or should at the same time be pointed out that

(K)

in respect of certain items (i.e. of the cells notified at p.2 of) the Stores must have made enquiries from the trade that the prices fixed by the Govt. was less than the wholesale selling prices notified in (K). For the present however, it will be enough to pass orders rejecting the Govt proposal. If any representation is received either from the Govt. or from the Stores for subsidising the loss if any incurred by the Stores, the matter may then be examined in detail.

Draft letters may be approved.

Sd/-
20/2/48

S
approved. Also call for the explanation of the person responsible for the issue of orders in violation of the G.O. dated 20/2/48

Issued as Memo. No. 7131-A/48-1, dt 23/2/48. Sd/- 24/2/48 (pp. 3-6 ex)

A.S.

The draft approved has been issued. Another draft D.O. letter in lieu of W.r.t. orders of Secy. above.

Sd/- 24/2/48 M. 24.2.48 — Sd/- 25/2/48

Issued as Memo. No. 7131-A/48-2, dt 26/2/48
From the Bd. of Rev. (CS), Memo. No. S.333/48-3, dt 27/3/48.

A.S.

Please see previous notes and orders at pp. 1-4 above and the subsequent reply from the Bd at pp. 7-8 ante.

The Collector of S. Kanara has again reiterated his proposal that the stocks of rice procured by the

S.K.C.C.W. Stores ~~before~~ at old prices before 15/1/48, may be exempted from the operation of the Madras Food-grains Price Control Order, issued in G.O.Ms. 34, Food, dt 12/1/48, and that they may be sold at the old rates. Attention is invited to the Collector's report at pp. 9-10 Cy, wherein he has explained the circumstances under which the proposal is made. The Collector has worked out and shown the ~~loss~~ increase in rate of loss per maund that would be incurred if the stocks procured at old rates are sold at the new revised rates. ~~It is~~ The Collector has also stated that the ~~total~~ quantity procured, under the old rates would last for distribution in the statutorily rationed areas and the rural areas ~~to~~ till about the end of May '48 and the total loss on these stocks on account of difference in the prices would run to a few lakhs. It is pointed out that the Collector has repeatedly stated that the old rates were being adopted till 15/1/48 ~~and~~ until ~~finally~~ the new rates, ~~when~~ statutorily notified in the Notifn. issued in G.O.Ms. 34, dt 12/1/48, were received by him. This point is significant in view of the fact that though the new ~~rates~~ revised prices were ordered ~~on~~ on with effect from 7-12-47 itself in G.O.Ms. 1310, dt 6-12-47, these prices then did not have a statutory force. Further, it must be remembered that this peculiar

p. 11 Cy
I don't find follow up. Show this Papers.
May
7/4/48

(K)

(L)

difficulty in the case of S. Ramara Rt. arises out of the fact that previously there were six different varieties of paddy each with a different price ~~which does not exist~~ and that this difficulty would have arisen, even if the new prices were given effect to ~~strictly~~ correctly on 7-12-47 itself. In view of these facts and ~~in view~~ ~~of the~~ for the reasons explained by the Board, the Collector's proposal may perhaps be accepted. For orders.

Every other district has had 4 varieties only not 6 as now 7/4/48

X

Kr
2/4/48

2.4.48
D/cc

X This is not correct. What the coll. should have done on 7.12.47 was to classify the rice held by the stores into I & II sort, fix their appropriate prices under the new classif. & bring the increased rates into account, collect from them the difference between the old & the new increased rates & permitted them to sell the rice at the new rates. All this the coll. should have done on 7/12/47 with ref. to our circulars. There is no valid explanation on the file as to why the coll. failed to do so & in report called for in the memo. at pp 5-6, ff. has not been received. Report will be seen the matter will be taken up

Discussed with Sri Rajagopal

4/4/48

The stand taken up by the Collector in his report at pages 9-10 c.f. appears to be wrong from the start to the end. He accuses the Board of not having ~~considered~~ financial implication of the proposal to ~~follow~~ report the rates prescribed in G.O. 34 Food dated 12-1-48. and ~~hence~~ ends by saying that the stores will continue to sell the stocks purchased by it at the old rates until clear instructions are issued by the Board about the rates to be adopted. That means to say that the collector has given his official sanction for the

sale of rice by the South Kanara Stores at illegal rates i.e., rates which are in contravention of the statutory notification issued by the Government. What the Collector ought to have done if he had any doubt in the matter was to refer the matter to the Board not in January or February but even as early as December 1947 when the original orders increasing the rates and classifying rice into two sorts were issued. The position briefly is this. In all districts except South Kanara there were four sorts of paddy. In South Kanara alone there were six sorts. We ordered on the 6th of December 1947 that the sorts special and first should be grouped into first and the sorts second and third into ~~two~~ second in all districts and that the prices for each of these sorts should be increased by rupees 2 per imperial maund of rice in addition to the collection of sur charge of 12 annas per maund of rice. In a memorandum No. 51270 A/47-1 dated 5th December 1947 and memo. 64882/A 47-1 dated 10.12.47 the Board was told that the Government were enhancing the prices and reclassifying rice into two sorts with effect from 7th December and asking it to issue specific instructions to Collectors to collect the difference between the old and new rates on the stocks held by the merchants on the evening of 6 of December. In his present letter, the Collector does not make any reference at all to these memoranda and the instructions issued in pursuance thereof by the Board of Revenue. If he had only obeyed the instructions in these memoranda or asked for a clarification of the Government's instructions pointing out the existence of 6 sorts instead of only four in his district, matters might have been set right in time. But what the Collector appears to have done on receipt of G.O.1310 dated 6th December was to issue a wrong notification perpetuating the existing six sorts and fixing ~~the~~ revised prices for them (the Collector has been asked to explain the reasons for the issue of the

wrong notification and his report ~~is~~ has not yet been received). He seems to have woke up to a knowledge of this mistake only in about February when he issued a revised notification fixing prices for two sorts. ~~In the meanwhile~~ after the issue of G.O. 34 dated 12-1-48 ~~was issued~~ statutorily notifying the wholesale prices to be charged in his district. Now the Collector finds himself in difficulties as the stores object to sell rice at the new rates when they purchased at the old rates sanctioned (wrongly) by the Collector himself in his notification issued on 5th December 1947. and ~~he takes~~ it looks as if he now asks the Government to accommodate him to cover up the mistake by sanctioning the sale at the rates notified by him in December 1947.

We are now, in view of the Collector's action, confronted with a dilemma, ~~especially as~~ We do not know at present whether the Collector had in fact collected ~~the excess~~ any amount from the stores on the stocks held by them on 6th of December 1947 in view of the ~~increasing~~ increase in prices. The dilemma is whether we should support the Collector's action (which means that we are setting our seal of approval for an illegal action which has already taken place and regularising this action by issuing a legal amendment to the notification fixing prices exempting the transactions that have so far taken place in South Kanara district from the operation of the notification) or whether we should tell the Collector that this action was irregular and that he should see that only the statutory prices are adopted whatever its results may be to the co-operative stores, in which case we are sure to be ~~addressed~~ confronted with a report by the stores for granting them a subsidy equal to the loss incurred by them. As regards the extent of such losses, the Collector has not given any relevant information. ~~Theoretically it may can be true that the loss might be a few annas on the several varieties of rice as shown by him in~~ The statement at page 11 c.f. does not help as it only shows the rate of loss on each variety but what is more relevant to the issue is, how much stock and of what variety was held by the stores on the 6th

of December 1947 and what would be the loss which the stores will incur in selling the stocks at the notified rates in respect of these stocks.

For orders whether the Collector may be asked to report:—

1. whether he has collected the difference in price on the several varieties held by the stores as directed in Government Memorandum dated 5th December 1947 & 6th Dec. 47 & the Govt. instructions issued in pursuance thereof,

2. What was the stock of rice falling under different varieties which was held by the stores on the 6th December 1947.

3. What will actually be the subsidy which will have to be borne by the Government if the sales at the rates notified by the Collector were to be accepted by the Government in respect of stocks already sold.

4. Wnat are the stocks now held under the several varieties according to the old classification held by the stores and wnat will be the amount of subsidy which should have to be granted to the stores in case the Government direct that the notified prices should be given effect to immediately, and

5. Whether these losses to the stores cannot be met by the profits earned in previous years by paying to the ryots less than the notified prices for late deliveries.

Apart from calling for information on the above points and in continuation of the reference Memo No.7131A /48 -1 dated 23-2-48 the Collector may be asked to report separately as to what action was taken on receipt of the Board's instructions and him to collect the arrears and ~~Government Memoranda dated 5th December 1947, and 6th December 1947 and If the difference in price~~ has not been collected from the wholesalers as directed ~~in the Memo dated 5th December 1947 and~~ who is responsible for the omission and what is his explanation, and why in the face of the specific orders in the memoranda dated 5th and 6th December 47 the Collector waited for the issue of the statutory notification fixing the prices for refixing procurement prices.

5/4/48

I would like to have a statement showing the prices of rice for the various sorts as it stood on 6-12-1947 and as modified by the increase in price ordered with effect from 7-12-47 after giving effect to the grouping. Every other district barring South Kanara was having only 4 sorts and if the Collector of South Kanara found some difficulty in giving effect to the re-classification suggested by the Government, it was open to him to have suggested some other method of reclassification giving effect to the increase in price at the same time, instead of allowing things to drift. As a matter of fact he seems to have done the reclassification in February. He could have very well adopted this method in December itself.

There is no question of Government's subsidising the sale of rice in South Kanara on any account. Let us have the statement which I have called for and also an idea about the quantity of rice under each sort or variety to enable us to find out what the financial implications would be by adopting any particular procedure. It is presumed that the Collector has collected surgharge on the stocks with the wholesale agents as instructed by Government.

may 8/4/48

A draft memo. is submitted.

9.4.48

8/4/48

8/4/48

A.S.

Please see subsequent references from the Collector of S. Kanara and the Bd. of Rev. (CS) at pp. 15-18 C/.

~~In view of the fact that Govt. have~~ called for a comprehensive report from the Bd. in the matter, no action is necessary on these references. The report called for may be awaited. ~~till 25/4/48~~ w.r.t the memo. at pp. 5-6 C/

19/4/48

and his orders at M' on p. 4 ante.

As the explanation of the delay for not following the instructions issued in para 2 of the G.O.C. at (C) promptly is for some explanation the persons responsible for the issue of wrong notification are Mr. J. F. Saunders, the previous Collector, the D.S.O., Sri Bavani Sankar Rao (who has been there since 3 years) and the subordinate staff.

J. F. Saunders has since retired from Service. No action can therefore be taken now on him.

It was ordered that the Collector may be asked to obtain and forward an explanation from Sri Bavani Sankar and what further action is to be taken against the other subordinate officials responsible for the mistake as recommended by the Bd of Revenue may be ordered.

Accept Board's recommendation & drop the matter

22.4.48

Food UO No. 7131-A/48-4 24.4.48

Rev

R 24476 B
26.4.48

Rev. Deptt.

To AS:-

Please see the correspondence on pp 5-6 and pp 15-18 c/f. The notes from the bottom of p 10 ante may also be perused and the file may be returned to Food (this dept may perhaps agree with Food dept that no action need be taken against Dr M. Bhavani Shankar Rao, permanent dy Collr. He has been D.S.O. Khammam since February 45)

29.4.48

Put (spl) may chose

on the person primarily responsible was 1
the CSII (M. Saunders ICS)
8/1548 Food

Food Dept (A)

A.S.

Please see note of Rev. Dept at pp. 11-12 above. The file may now be sent to Public (Spl) Dept also as suggested by Rev. Dept.

ASSISTANT SECRETARY 8 MAY 1948 20847 FOOD DEPARTMENT

24476/48 1.5.48 5/5/48

Attention is also invited to the report from the Collr. of S. Kanara at pp. 19-20, reply to Govt. Memo. at pp. 13-14 of. A reminder to the Bd is suggested. Statistical officer, who is now working in the Public Dept may be requested to expedite his report called for in the Govt. Memo. at

Add the Bombay Board at para.

Attention is also invited to the report from the Collr. of S. Kanara at pp. 19-20 cf. in reply to the Govt. Memo. at pp. 13-14 cf. In his D.O. at p. 21 cf. the J.S. (CS) says that the Collr.'s report has not been received. His attention may be invited to the Collr.'s report and he may be asked to expedite the Bd.'s remarks. A draft D.O. is put up.

11/6/48

7.5.48

The following Secretariat Public (Spl) D.O. issued after issue of the D.O.

12/5/48

9/5/48 Pub (Spl) (a.c.)

Food. U.O. No. 7131-A/48-7 12.5.48.

Pub (Spl) dept

May be perused and returned to Food (A) for views of A. appellate, no action seems called for.

UNDER SECRETARY Dy. 2033 13 MAY 1948 PUBLIC DEPARTMENT

ASSISTANT SECRETARY 14 MAY 1948 12426 FOOD DEPARTMENT

Pub (Special) 2033/48-1 14/5/48

13/5/48 13.5.48

14/5 Food

Food Dept#/A.J

A.S.

Please see the note of Govt (S&P) Dept. at the bottom of p. 12 above, and also the Bd.'s D.O. at p. 25 ante. The Bd.'s final report may be awaited till 25/3/57.

18/3/57

17.3.57

~~From~~

From the Bd. of Rev. (Cs), Rep. No. 335-48-6

dt. 25/27 18/3/57.

A.S.

Please see notes at pp. 9-10 above and the reports from the Coll. of S. Kanara and of the Board at pp. 19-21 ante. ~~in fact~~ The Collector has furnished the relevant information on the points raised in the Govt. Memo at pp. 13-16 ante. ~~and~~ The information asked for by Secy. at A on p. 10 above is also furnished at D on p. 19 ante.

On the basis of the ~~information~~ details furnished at 'F' on pp. 19-20 ante, the Collector has worked out the loss to the S.K. C.C.W. Stores on account of selling at the notified wholesale prices the stocks procured by it at higher purchase prices before 15/1/57 and held at present, to Rs. 68,880-3-0. The Board has pointed out that this loss actually works out to Rs. 68,897-11-0. In order to avoid the necessity for the Govt. to subsidise this loss, the Board has again suggested that these stocks may be exempted from the operation of the Foodgrains Price Control Order, and may be

(X) and not some lakhs as stated by Coll. at A on p. 9 ante

para 1 p. 21 ante

para 2 p. 21 ante

permitted to be sold at wholesale prices ~~applicable~~ corresponding to the prices at which they were purchased. As already pointed out, if this is accepted, an amendment will have to be issued to the Price Control Order in order to exempt the transactions relating to the stocks procured upto 15/1/48 from the operation of the Order.

It is for orders whether the Bd's suggestion will be accepted. As may be the correct legal procedure but it is not desirable to give publicity to the error committed in S. Canara by issuing an amendment. We may perhaps write on the lines that permit in Sms to sell the old stock on hand on ~~the~~ basis of S. Canara Wide Cir. 4 of 19.4.

Food UO 7131-A/48. 28.5.48.

Legal / Fin.

Legal Department.

If prices are charged at rates other than those specified in the Madras Foodgrains Price Control Order, 1947, then such action will amount to a contravention of the provisions of that Order which will in turn attract the penal provisions of section 7 of Central Act XXIV of 1946. The proper course will therefore be to issue an amendment to that Order so as to exempt the transactions referred to at A above from the scope of that Order. Legal can hardly advise that in normal times an illegality be "winked at". It is suspiciously like ~~being~~ an accessory after the ~~fact~~ fact.

29.5.48

ASSISTANT SECRETARY 28 MAY 1948 LEGAL DEPARTMENT

ADDL. SECRETARY TO GOVT. 29 MAY 1948 40572 FINANCE DEPARTMENT

Legal no no 6617/48 29.5.48

The notes on pages 1- 14 above may be perused.

In all district except South Kanara there were four sorts of paddy. In South Kanara alone there were six sorts. In G.O.No. 1310 Food d/6-12-1947 it was ordered that the sorts special and first should be grouped into first and the sorts second and third into second in all districts and that the prices for each of these sorts should be increased by rupees 2 per imperial maund of rice in addition to the collection of surcharge of 12 annas per maund of rice. The Collector of South Kanara, however, issued a wrong notification perpetuating the existing six sorts and fixing revised prices for them. In February 1948 the Collector seems to have found out the mistake and issued a revised notification fixing prices for two sorts with effect from 15-1-1948 after the issue of G.O.No.34 Food d/ 12-1-48

2. The S.K.C.C.W. Stores Ltd. is the sole procuring agent to the Govt. in the South Kanara District. The President of the Stores objected to sell rice at the new rates when it was purchased at the old rates sanctioned (wrongly) by the Collector in his notification d/ 15-12-1947. He threatened that he would have to suspend the transactions until the rates were revised or that the Govt. would have to subsidise the stores to the extent of loss to be sustained.

The net loss to the S.K.C.C.W. Stores is estimated at Rs. 68,897-11-0. The persons responsible for the issue of wrong notifications are Mr.J.F.Saunders I.C.S./ the Collector Mr. Bavani Sankar Rao the District Supply Officer and the subordinate staff. Mr. Saunders has since retired and Food Dept. do not propose to take any disciplinary action against the others.

3. The points for consideration are :

(a) whether the loss to the Society should be subsidised by the Govt., or

(b) whether the stocks procured by the Society upto 14-1-1948 at the old prices may should be exempted from the operation of the provisions of the G.O. 34 Food d/12-1-1948.

The Food Department have accepted the recommendations of the Board of Revenue that the stocks procured by the Society at old prices may be allowed to be sold at the rates originally notified by the Collector as it will avoid a Government subsidy and also loss to the Society. Legal Department consider that the proper course is to issue an amendment to the

to the Madras Food Grains Price Control Order, 1947, so as to exempt the transactions relating to the stacks procured by the Society upto 14-1-48.

This Department may agree ~~with~~ to the proposal of Food Dept at 'M' on file above subject to the suggestion of ~~the~~ Legal Department at 'B' on file above.

S/ 1/6 31.5.48

31.5.48

31.5.48

31.5.48 S/ Food

Finance No. WO. No. 572-AS-19

A.S.

Food Dept (A)

Please see notes of Legal and Finance Depts. at pp. 14-16 above. In view of the remarks of the Finance Dept. at 'S' above, it is for orders whether the suggestion of Legal Dept may be accepted and an amendment issued to the Madras Foodgrains Price control order so as to exempt the transactions relating to the stocks already and vice procured in S. Kanara Dr. ~~for~~ upto 14/1/48 from the operation of the order.

Subject to orders ~~on~~ draft order is marked for approval. ~~In the first instance after~~ ~~issue~~ a draft notification will be sent to Legal for scrutiny of the draft notification.

1/6/48

1/6/48

1/6/48 / Legal.

Food No. 7131-A/48-9

Dt. 1.6.48

Legal Department. S

~~6873~~ 6783

The alterations indicated in red ink on the draft notification may be made.

2-6-48

2/6/48 D.S.

Food.

Leg No 6783-1

2.6.48

Food Department(A).

NOTE FOR CIRCULATION.

This file deals with the question of exemption of the stocks of paddy and rice procured in South Kanara District prior to 15-1-48 from the operation of the Madras Foodgrains Price Control Order. The facts of the case are briefly as follows:--

Prior to fixation of new prices of paddy and rice for Kharif year 1947-48, paddy was classified into four sorts - special, first, second and third, - in all districts except South Kanara. In the S.Kanara District alone there were six sorts. While fixing the prices for the current kharif year in G.O.Ms.No.1310, Food, dated 6-12-47, the Government ordered that paddy should henceforth be classified only into 2 sorts - First and second -, that the existing special and first sorts should be merged into the new First sort and the existing second and third sorts into new second sort and that the prices of the new First and second sort rice should be fixed at Rs.2. higher than the prices of the existing first and second sort rice respectively. With reference to these orders the Collector of South Kanara issued a wrong notification on 15-12-47 perpetuating the existing six sorts and fixing revised prices for them giving effect to the increase in price for each sort. The explanation of the concerned officers for issue of this wrong notification is on pp.15-16 c.f. The persons responsible for issue of the wrong notification are Mr.J.F.Saunders, I.C.S., the Collector and the D.S.O. and the subordinate staff. Mr.Saunders has since retired and it has been proposed not to take any action against others. Later, on receipt of the Notification, issued by the Government in G.O.Ms.34 dated 12-1-48 statutorily notifying the prices of foodgrains for all districts, in which paddy and rice were classified only into 2 sorts, even for South Kanara District, the Collector found out the mistake and issued a revised notification fixing prices for two sorts with effect from 15-1-48. As shown in the statement at 'D' on p. 19 c.f. the purchase prices fixed by the Collector under the wrong notification are higher than the prices as revised later in the case of certain sorts.

The S.K.C.C.W.Stores is the sole procuring agent in the

district. The President of the stores objected to sell the stocks which were purchased at higher purchase prices at the new rates as the Stores would be incurring a loss on that account. In order to maintain regular supplies, the Collector permitted the Stores to sell stocks at the old rates and submitted proposals to the Govt. to exempt the stocks procured by the Stores prior to 15-1-48 from the operation of the Price Control Order. The Collector suggested that if this was not done, the Govt. will have to subsidise the loss that would be sustained by the Stores on account of selling these stocks at the new notified prices. The net loss that would be incurred by the stores by selling the stocks procured by it prior to 15-1-48 and held at present at the notified prices is estimated at Rs.68,897-11-0. The points for consideration are:--

pp.1-2 ante & 9-11 ante

F on pp.19-20 ante & p.21 ante

1) whether the loss to the Stores should be subsidised by the Govt; or

2) whether the stocks concerned may be exempted from the operation of the Price Control Order and permitted to be sold at old prices, until they are exhausted.

In order to avoid the necessity for the Govt. to subsidise the loss to the Stores, the Board has recommended that the second procedure may be adopted. This Dept. propose to accept the Board's recommendation. Legal and Finance Depts. have accepted this. Legal Dept. has however suggested that the Price Control Order may be amended so as to exempt the transactions relating to these stocks from the scope of the Order. This has been accepted and a draft notification is put up.

para 2 pp.7-8 ante

A on p.14 ante

pp.14-16 ante

B on p.14 ante

The file may be circulated to H.M.(Food) for approval of the draft Order below.

4/6/48

4.6.48

4/6/48

5/6/48

H.M.(Food)

To A.I.

now issue.

7.6.48

The draft order below may be issued.

7/6/48

7/6/48

7/6.